

POSTING OF BUDGETS TO A WEBSITE

Language in Section 18(2) of the State School Aid Act requires local districts, intermediate districts and public school academies to post their annual operating budget and subsequent amendments on their website within 30 days of being adopted by the board. The budget postings should include the General Appropriation Resolution for all funds for which the board adopts a budget. For further information regarding this requirement and the format of the budget, please see Section IV, page 7 of the *Michigan Public School Accounting Manual*. Questions related to the budget should be directed to Janelle Guajardo, Office of State Aid and School Finance at (517) 241-0495 or by e-mail at GuajardoJ1@Michigan.gov

EXECUTIVE BUDGET RECOMMENDATION FOR 2009-2010

On February 12, 2009, Governor Granholm's Executive Budget Recommendation for FY 2010 was presented to the legislature. The following are some highlights of the provisions of the K-12 budget portion of the Governor's proposal.

- The per pupil foundation grants would remain equal to the FY 2009 per pupil foundation grants. However, the Executive Recommendation would reduce the **Section 22b Discretionary Payment** by \$59 per pupil.
- The Executive Recommendation would continue the **Section 29 Declining Enrollment** funding of \$20 million for districts that do not qualify for a blended pupil count exception under Section 6(4)(y) (see related item below).
- The **Section 51c Special Education Headlee Obligation Funding** and the **Section 51a(2) Special Education Foundation** funding would increase by \$24.8 million and \$16 million respectively.
- The **Section 32d Great Start Readiness** funding would remain at \$88.1 and the **Section 32i Great Start Readiness Competitive** program would remain at \$15.2 for a total of \$103.6 million to fund programs for four year olds at \$3,400 per child. The **Great Start Early Childhood Investment Corporation Collaborative** grants would continue to be funded at \$6.8 million.
- **Section 61a Vocational Education Added Cost** funding would continue at \$29.6 million.
- The Executive Recommendation would reduce the **Section 20j** payment to "hold harmless" districts by \$10 million from approximately \$52 million to \$42 million.
- The Executive Recommendation for FY 2010 would reduce the **Section 81 ISD Operation** funding by 20% from \$81.7 million to \$65.4 million.
- The **Section 32j Great Start Great Parents ISD** funding of \$5 million and the **Section 32c Great Start Interagency Collaborative** funding of \$2.1 million would be eliminated under the Executive Recommendation.
- Other programs that would continue for FY 2010 at their FY 2009 funding levels include:
 - 21st Century Schools Program (Section 11n) 15 million;
 - ISD Special Education Millage Equalization (Section 56) \$36.9 million;
 - Health Science Middle College Planning (Section 64) \$2 million;
 - Math/Science Centers (Section 99) \$3.5 million;
 - ISD Vocational Education Millage Equalization (Section 62) \$9 million.
- Other categoricals that would be eliminated for FY 2010 include:
 - Bilingual Education (Section 41) \$2.8 million;
 - Small Rural District Transportation Section 22d \$1.3 million;
 - MBT Impact on Out-of-Formula Districts (Section 22e) \$1.3 million.

In addition, several district-specific provisions in Section 20 and Section 99k of the State School Aid Act would be eliminated under the Executive Recommendation.

The three-year average blended pupil count language in Section 6(4)(y) would be changed to a two-year average blend for those districts with 4.5 or fewer pupils per square mile and a standard FY 2010 blend of less than 1,550 FTEs.

The estimated FY 2010 PSERS rate would increase from 16.54% to 16.94%.

The summary provided above should not be considered a complete description of the content of the executive proposal. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the executive budget proposal can be found at www.Michigan.gov/budget.

SPECIAL EDUCATION COSTS UPDATED

The February payment was calculated with updated special education and special education transportation cost figures for most districts. The figures now being used are the costs reported for FY 2008. In addition to affecting the current year Section 51c - Special Education Headlee amount, this update may cause adjustments to the current year Section 22b - Discretionary Payment as well as causing prior year adjustments for FY 2008 Section 51c and possibly FY 2008 Section 22b. Questions concerning these changes may be directed to Dianne Easterling, (517) 241-4517, EasterlingD@Michigan.gov.

MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL – CHANGE NOTICE #16

The Office of State Aid and School Finance e-mailed Change Notice # 16 related to the Michigan Public School Accounting Manual on February 2, 2009. The Change Notice was e-mailed to those listed as "lead administrators" in the Educational Entity Master (EEM). We also e-mailed the information to the MSBO Business Listserv as a courtesy. If you would like to assure that your district's business manager receives future communications directly, we ask that the authorized EEM user update the EEM dataset with the appropriate e-mail address for your business manager. The Change Notice, along with the Accounting Manual updates, have been posted to our website at: http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21321--,00.html.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The Office of State Aid and School Finance staff e-mailed the week of January 19, 2009 correspondence to school districts whose data raised a question based on an analysis of the FY 2008 Financial Information Database (FID) submission. The information was e-mailed to the individual who submitted the FID on behalf of the district. The correspondence requests that the individual review the data in question and either correct the FID or contact the Office of State Aid and School Finance to explain the discrepancies. Your cooperation in "cleaning up" the FY 2008 FID data is very much appreciated. With questions regarding this request, contact Glenda Rader, State Aid and School Finance, (517) 335-0524 or email: RaderG@michigan.gov.

DEFICIT DISTRICT UPDATE

Twenty-seven (27) Michigan school districts or public school academies ended the FY 2008 school year with a deficit balance in their general fund. Any district or academy in this condition must submit to the Department a detailed, board adopted plan for eliminating that deficit. That plan must be approved by the Department prior to March 1, 2009. Districts or academies with a general fund deficit as of June 30, 2008 that are not operating under a Department approved Deficit Elimination Plan by March 1, 2009 will experience a withholding of state school aid as required by Section 102 of the State School Aid Act (MCL 388.1702) until their plan has been approved by the Department. Questions concerning this item may be directed to Phil Boone at 517-335-4059 or BooneP2@michigan.gov.

GENERAL INFORMATION

- March 11 is the deadline for ISDs to submit to the Center for Educational Performance and Information (CEPI) the Audited FTE Counts for the September 24, 2008 pupil membership count day. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)
- February 11 was the FY 2009 Supplemental count date. The Single Record Student Database records for the Supplemental count date are due to the intermediate school district (ISD) on March 18, 2009. The ISD is to submit the records to CEPI by April 1, 2009. The Supplemental count ISD audited FTE values are due to CEPI by July 29, 2009.
- The proration factor for Section 29 Declining Enrollment is .0754584206.
- The proration factor for Section 56 Special Ed Millage Equalization is .9687002666.
- The proration factor for Section 31a – At Risk funding is \$252.801029752 per pupil.

Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.